

PAWTUCKET REDEVELOPMENT AGENCY



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January 6, 2009

Noreen Shawcross, Chief
Office of Housing and Community Development
State of Rhode Island
One Capital Hill, 3rd Floor
Providence, RI 02908

SUBJECT: Pawtucket Redevelopment Agency
Foreclosure Response Program

Dear Ms. Shawcross:

As you well know, the City of Pawtucket has been hard hit by the foreclosure crisis, especially in certain neighborhoods. And like your office and Rhode Island Housing, the City is anxious to put the Neighborhood Stabilization Program funding to quick, efficient and effective use.

Toward that end, the City has had substantive conversations with its housing partners in the City, Pawtucket Citizens Development Corporation (PCDC), and Blackstone Valley Community Action Program, about how best to utilize Pawtucket's share of the State's NSP funding. In our discussions, we determined that PCDC was principally interested in accessing Pawtucket's NSP set-aside to assist with its ongoing housing revitalization work in the Barton Street neighborhood as part of their larger Keep Space initiative. This compact neighborhood has a number of key properties which had been foreclosed and pose a significant threat to the overall health of the neighborhood (see Map of Barton Street Area). PCDC has estimated that it would need approximately \$1 million in NSP purchase and rehabilitation funding.

BVCAP's interest in NSP funding coincides with their recent awards from the Healthy Kids Collaborative (HKC) for lead hazard education/outreach and just recently, lead remediation work in the Harrison Street target neighborhood (see Map of Harrison Street Area). The ability to both acquire some of these lead hazard problem properties with NSP funding and remediate them with HKC funding represents a very attractive opportunity.

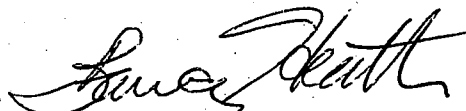
The City's interest through the Pawtucket Redevelopment Agency (PRA) would be to make certain key strategic investments, utilizing NSP funding, to arrest the decline and spark the comeback of select neighborhood sub-areas (see attached plan). The PRA is well-suited and acquainted with the tasks of both property acquisition and

rehabilitation. Its existing residential rehabilitation program has a half-dozen experienced contractors ready to submit competitive pricing for rehabilitating these units for lead-safe occupancy. And the PRA staff is extremely knowledgeable about the housing market in Pawtucket.

We have enclosed a complete program description of the PRA's Foreclosure Response Program along with the Agency's resolution formally adopting the program.

We look forward to speaking with you further about this initiative.

Sincerely,



Barney S. Heath
Assistant Director

MDC:mb

Enclosures

Cc: S. Boddington, RI Housing
M. Tondra, Office of Housing & Urban Dev.

Bcc: M. Cassidy
E. Heon
E. Soares

PAWTUCKET REDEVELOPMENT AGENCY

RESOLUTION NO. 2960

DECEMBER 30, 2008

RESOLUTION OF THE PAWTUCKET REDEVELOPMENT AGENCY ADOPTING THE PRA FORECLOSURE RESPONSE PROGRAM AND SUBMITTING SAID PROGRAM TO THE STATE OF RHODE ISLAND TO BE APPROVED AS PART OF THE STATE'S NEIGHBORHOOD STABILIZATION PROGRAM.

WHEREAS, the State of RI has set-aside \$2.3 million in Neighborhood Stabilization Program funding for reviving foreclosed properties in the City of Pawtucket, and,

WHEREAS, the PRA has developed a coordinated strategy for the use of Pawtucket's share of NSP funding with both Pawtucket Citizens Development Corporation and Blackstone Valley Community Action Program, Inc., and,


WHEREAS, the PRA has developed a Foreclosure Response Program to specifically address two important neighborhood areas impacted by foreclosures, and,

WHEREAS, the PRA's existing Rehabilitation Program is well-suited to undertake the tasks necessary to efficiently rehabilitate vacant residential units;

NOW, THEREFORE, be it resolved by the Pawtucket Redevelopment Agency as follows:

1. The Pawtucket Redevelopment Agency hereby adopts the PRA Foreclosure Response Program (attached).
2. Following the adoption of the Foreclosure Response Program, said program shall be forwarded to the State of RI for inclusion as part of the State's NSP strategy.
3. This resolution shall take effect upon its adoption.

Submitted by,



Pawtucket Redevelopment Agency

Foreclosure Response Program

Submitted: December 30, 2008

I. Overview and Background

In the past three years, like many communities across the United States, the City of Pawtucket has seen numerous properties foreclosed upon by various lending institutions. These actions have unfortunately resulted in the significant displacement of Pawtucket residents and left in their wake abandoned and vacant properties which negatively impact their surrounding neighborhood.

Using local data, updated daily, it would appear as of December 2008, there are some 300 plus properties that are either owned outright by lending institutions or are in some stage of the foreclosure process. The Department of Planning keeps a daily roster of these properties and updates the ownership, contact information and property condition on a weekly basis.

Although the foreclosed properties are scattered throughout the City, there are some neighborhood areas where these are foreclosed property clusters. The two areas which present the greatest clusters of foreclosed properties are in the Woodlawn and Pleasant View neighborhoods. The attached city-wide map shows where the current data indicate lending institution owned properties and currently threatened properties. It would seem that the majority of foreclosures, particularly in the hardest hit Woodlawn and Pleasant View neighborhoods are former multi-unit rental properties.

II. Neighborhood Stabilization Program (NSP) Opportunity through the State of Rhode Island

In response to the national foreclosure crisis, Congress created the Neighborhood Stabilization Program (NSP) which provided \$3.9 billion to States to acquire and redevelop foreclosed properties. Rhode Island's share of the set-aside was \$19.6 million. Using the HUD formula for determining the hardest hit communities, the State's Office of Housing and Community Development developed a set-aside list of funding for foreclosed impacted cities and towns in Rhode Island. Providence, the hardest hit community received \$9 million as their set-aside, including \$3 million as a direct allocation to the Providence Redevelopment Authority to continue operating an existing foreclosure acquisition and redevelopment program. Pawtucket received the next highest NSP allocation set-aside at \$2.5 million.

With the exception of the Providence Redevelopment Authority direct allocation of \$3 million, the State of RI, in cooperation with Rhode Island Housing, plans to provide the NSP funding for projects in communities via an application process to Rhode Island Housing. In part, this process will be utilized to examine each proposal's finances and determine how well the project meets the goals required under the national NSP statute.

In practice, under this scenario, Pawtucket \$2.5 million would be available for NSP eligible projects in Pawtucket. The three likely entities to apply for these funds would be Pawtucket Citizens Development Corporation, Blackstone Valley Community Action Program and the City of Pawtucket acting through Pawtucket Redevelopment Agency.

To ascertain the interests of both PCDC and BVCAP in the State's NSP initiative, PRA staff has met with both parties. PCDC's interests in the NSP funding are principally as an important component and funding source for its ongoing efforts in the Barton Street neighborhood. They are currently in the process of securing purchase and sales agreements for three (3) multi-family lending institution owned properties, for which they would seek NSP funding to finance the purchase and rehabilitation for rental housing. PCDC's estimate for their initial interest in the NSP set-aside is \$1 million. The City would be supportive of this strategic plan.

Discussions with BVCAP indicate that they may have an interest in acquiring and rehabilitation foreclosed properties in the Main Street/Harrison Street area, which is precisely their target area for lead hazard education and rehabilitation funding (they have been awarded) under the Healthy Kids Collaborative initiative. The City would be supportive of this effort.

Given the stated priorities of these two organizations, the development capacity issues facing all non-profit mandate organizations today, and the State's mandate to commit NSP money within 18 months, PRA staff believe that there is a clear role for the PRA to participate in the turn-around of some key foreclosed and vacant properties through the judicious use of Pawtucket's share of NSP funding.

III. Proposed PRA Foreclosure Property Program

The PRA has been in the business of rehabilitating Pawtucket residential properties for over thirty (30) years. It is a well-established and respected program, with a stable of competent contractors, which renovates housing units in a complete, efficient and affordable manner.

The proposed role for the PRA, in terms of the State's NSP initiative, would not be so different from what is set-up to do under its current housing rehabilitation program. Its main interest would be (described in detail below) to identify key properties, submit a financing plan to Rhode Island Housing, bid and supervise the rehabilitation work, and turn control of the completed properties over to Pawtucket Citizens Development Corporation for permanent rental affordable housing in accordance with NSP guidelines.

There are two initial geographic target areas in the City hard hit by foreclosures where the PRA would seek to make an impact.

Focus Area One: Pleasant View Neighborhood

One of the two areas in the City of Pawtucket hardest hit by foreclosures is the Pleasant View, particularly the areas within a quarter mile radius of the Broadway/Central Avenue intersection (see Map 1). Like its counterpart Woodlawn neighborhood, the Pleasant View foreclosure activity has been prevalent in the older two and three family properties. And like in Woodlawn, the presence of these vacant properties represent a serious threat to increased disinvestment and loss of neighborhood stability.

The possibility of acquiring and renovating these older (i.e. lead-paint hazard filled, antiquated plumbing/electric/fire code) units represents a tremendous opportunity to make visible improvements in a neighborhood that needs investment. In addition to the existing identified Pleasant View foreclosed inventory that the PRA could seek to acquire and renovate, the City is about to purchase a HUD foreclosed three family property at the intersection of Central Avenue and Cottage Street for one dollar. This property would be an excellent candidate for NSP rehabilitation given its nominal acquisition cost. Other properties in this area would be selected and presented to Rhode Island Housing for acquisition and rehabilitation funding on a case by case basis.

In all cases, however, the PRA would plan to transfer the ownership of the renovated properties to Pawtucket Citizens Development Corporation to add to their existing rental apartment portfolio.

Focus Area Two: Woodlawn Community Center/Payne Park Area

Located in the heart of the Woodlawn neighborhood, the Woodlawn Community Center and adjacent Payne Park are important public venues, especially for neighborhood youth. The importance of the health of the surrounding housing stock to the success of these venues is closely tied. Therefore, given that there are a cluster of foreclosed properties (see Map 2) in the immediate vicinity of the center, there is a clear need for strategic intervention.

Like Pleasant View, the multi-family properties here are in serious need of renovation (lead-paint, older electric/plumbing systems) and would make excellent candidates for NSP acquisition and renovation.

And like in Pleasant View, the need for affordable family lead hazard free apartments is great and therefore, would make a tremendous contribution to Pawtucket Citizens Development Corporation's rental housing portfolio.

IV. Direct Allocation NSP Funding Request

While the NSP initiative represents a tremendous opportunity for the PRA to help turn-around abandoned properties in some distressed neighborhoods, it also represents a significant investment in staff time to undertake this program.

In the budget outlined below, we are requesting an initial direct NSP set-aside from the State of \$800,000 (roughly 1/3 of Pawtucket's set-aside) to undertake the PRA Foreclosure Response Program. Using the Providence standard of 10% for overall administration of the program, \$80,000 would be the requested share set-aside for administration of the program.

Pawtucket Redevelopment Agency NSP Foreclosure Response Budget:

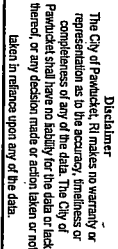
<u>Activity</u>	<u>Expenditure Goal</u>	<u>Performance Outcome</u>
Acquisition/Rehabilitation	\$720,000	10 units
PRA Administration	\$ 80,000	
TOTAL	\$800,000	

V. Next Steps

If the Agency board chooses to support this program initiative, PRA staff will forward this program to the State for their review. It is hoped that the NSP funding and activity will be authorized sometime during the month of January.

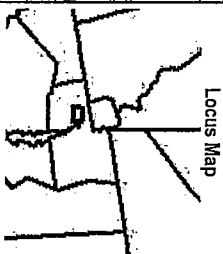
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dpr/foreclosures/foreclosureresponseprogram





GIS Map Print
Harrison St. Area



Disclaimer:
The City of Pawtucket, RI makes no warranty or representation as to the accuracy, timeliness or completeness of any of the data. The City of Pawtucket shall have no liability for the data or lack thereof, or any decision made or action taken or not taken in reliance upon any of the data.

